

CHAPTER NO. 622

HOUSE BILL NO. 2574

**By Representatives West, Sargent, Langster, Pruitt, Bone, Moore, Mike
Turner, Marrero, Lois DeBerry**

Substituted for: Senate Bill No. 2702

By Senators Harper, Finney

AN ACT to amend Tennessee Code Annotated, Title 47, Chapter 18,
relative to gift certificates.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF
TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 18, Part 1, is
amended by adding the following new section:

Section 47-18-127.

(a) Subject to subsection (d) of this section, no person or
entity shall sell a gift certificate to a purchaser containing an
expiration date that is less than two (2) years after the date the gift
certificate is issued or shall charge a fee for the issuance of a gift
certificate.

(b) No person or entity, within two (2) years after a gift
certificate is issued, shall charge service charges or fees relative
to such gift certificate, including dormancy fees, latency fees, or
administrative fees that have the effect of reducing the total
amount for which the holder of the gift certificate may redeem the
gift certificate.

(c) A gift certificate sold without an expiration date is valid
until redeemed or replaced with a new gift card.

(d) Subsection (a) of this section shall not apply to a gift
certificate that is:

(1) Distributed by the issuer to a consumer
pursuant to an awards, loyalty, or promotional program
without any money or anything of value being given in
exchange for the gift certificate by the consumer;

(2) Sold below face value at a volume discount to
employers or given or sold below face value to nonprofit or
charitable organizations for fundraising purposes;

(3) Sold by a nonprofit or charitable organization for fundraising purposes;

(4) Given to an employee by an employer if use of the gift certificate is limited to the employer's business establishment, which may include a group of merchants that are affiliated with the business establishment;

(5) Usable with multiple, unaffiliated sellers of goods or services; or

(6) Issued by an employer to an employee in recognition of services performed by the employee.

(e) A gift certificate does not include a prepaid calling card used to make telephone calls.

SECTION 2. This act shall take effect July 1, 2006, the public welfare requiring it.

PASSED: April 20, 2006


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 5th day of May 2006


PHIL BREDESEN, GOVERNOR